

Message Text

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SUBJECT: WORSENING SITUATION AT THE PORT OF LA GUAIRA

1. SUMMARY - COINCIDING WITH THE ANNOUNCEMENT OF AN INCREASE IN PORT CHARGES, THE NATIONAL INSTITUTE OF PORTS (INP) HAS COME IN FOR SEVERE CRITICISM, ESPECIALLY IN REGARD TO THE CHAOTIC CONDITION AT THE PORT OF LA GUAIRA. END SUMMARY.

2. DR. ANEZ FONSECA, EXECUTIVE DIRECTOR OF FEDERATION OF CHAMBERS OF COMMERCE AND INDUSTRY (FEDECAMARAS) HAS REQUESTED THAT PRESIDENT PEREZ MEET WITH ALL CONCERNED ORGANIZATIONS TO DISCUSS THE EVER-WORSENING PORT SITUATION AT LA GUAIRA. THIS RECENT WAVE OF CRITICISM - DIRECTED AT THE NEWLY-FORMED INP - CAME AS A REACTION TO A MINISTRY OF COMMUNICATIONS ANNOUNCEMENT OF ITS INTENT TO INCREASE ALL VENEZUELAN PORT CHARGES AS OF NOVEMBER 1. (DECREE TO BE POUCHED.) THESE CHARGES, WHICH HAVE BEEN UNCHANGED SINCE 1958, INCLUDE THOSE FOR DOCKING, CARGO HANDLING, EQUIPMENT RENTAL AND STORAGE. INCREASES AVERAGE 120 PERCENT, WITH SOME AS HIGH AS 600 PERCENT. THIS INCREASE COMES AT A TIME WHEN THE PORT OF LA GUAIRA (AND, TO A LESSER EXTENT, PUERTO CABELLO) IS IN THE MIDDLE OF ITS MOST CON-

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GESTED PERIOD OF THE YEAR, AND THE QUALITY OF PORT

SERVICES IS RAPIDLY DECLINING. FEDECAMARAS' ARGUMENT IS THAT AN INCREASE IN SERVICE CHARGES WITHOUT A CORRESPONDING IMPROVEMENT IN THE QUALITY OF THESE SERVICES WILL FORCE IMPORTERS TO PASS THIS COST ON TO THE VENEZUELAN CONSUMER, THEREBY CONTRIBUTING TO INFLATION.

3. THE PORT OF LA GUAIRA IS FACED WITH A MYRIAD OF PROBLEMS, ALL OF WHICH STEM FROM ITS LACK OF ADEQUATE BERTHING AND CARGO HANDLING CAPACITY TO MANAGE THE BURGEONING VOLUME OF IMPORTS. (A) AS OF OCTOBER 21, THERE WERE 22 SHIPS AT BERTH WITH 13 VESSELS WAITING FOR THEIR TURN, AND AN ADDITIONAL 10 VESSELS EXPECTED WITHIN THE NEXT TWO DAYS. (B) THE CARGO TURNOVER RATE IS SLOWED BY THE INADEQUATE AMOUNT OF EQUIPMENT CAPABLE OF UNLOADING AND LOADING BULK CARGO, (ACQUISITION OF SUCH EQUIPMENT IS SLOWED BY LABOR UNION OPPOSITION), AS WELL AS THE SCARCITY OF STORAGE FACILITIES. (C) THIS SITUATION IS FURTHER AGGRAVATED BY THE SLOW RATE AT WHICH CARGOS ARE MOVED OUT OF THE PORT. CUSTOMS PAPERWORK, DIFFICULTIES IN LOCATING GOODS AT THE PORT, AND OUTBOUND TRANSPORTATION HAVE ALL BEEN BLAMED AS CONTRIBUTING TO AN EVER-INCREASING AMOUNT OF PILFERAGE. (D) THE INP HAS RECENTLY ASSUMED CONTROL OF ALL PORT AUTHORITIES, CAUSING A BUREAUCRATIC SLOWDOWN ATTRIBUTABLE TO THE INP'S SHORTAGE OF EXPERIENCED PERSONNEL, AND THE LACK OF AN ORDERLY PAPER-FLOW SYSTEM. (E) THE MONTHS OF OCTOBER-DECEMBER ARE TRADITIONALLY THE BUSIEST OF THE YEAR. THIS YEAR, CARGO VOLUME IS EXPECTED TO INCREASE SUBSTANTIALLY DUE TO VENEZUELA'S ECONOMIC EXPANSION AND THE DEMAND FOR IMPORTED FOODSTUFFS FOR THE HOLIDAY SEASON (WHICH DEMAND HAS BEEN AUGMENTED BY RECENT DOMESTIC FLOODING). (F) THE HIGHWAY FROM LA GUAIRA TO CARACAS WHICH CARRIES MUCH OF THE MARITIME CARGO OF LA GUAIRA WAS BADLY CONGESTED BEFORE THE FREIGHT VOLUME UPSURGE. A SHORT TERM SOLUTION TO THIS RELATED TRAFFIC PROBLEM APPEARS UNLIKELY. PROJECTS FORMULATED BY THE MINISTRY OF PUBLIC WORKS (MOP), SUCH AS AN ALTERNATE HIGHWAY, AND A LA GUAIRA/CARACAS RAILROAD LINK, ARE STILL TENTATIVE AND IN ANY CASE, COULD NOT BE COMPLETED UNTIL 1982 OR LATER.

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4. COMMENT - THE CONSEQUENCES OF INFRASTRUCTURAL OVERHEATING IN VENEZUELA ARE EVIDENT IN MANY SECTORS OF THE ECONOMY. RESULTING INEFFICIENCY CAN BE EXPECTED TO INTERFERE SERIOUSLY WITH VENEZUELA'S DEVELOPMENT PLAN TIMETABLES AND BUDGET, AND WILL ALSO STIMULATE VENEZUELA'S RATE OF INFLATION.

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